

**BUCKSPORT, ORLAND, MSAD 18
REORGANIZATION PLANNING COMMITTEE
MEETING MINUTES**

6:30 pm Monday, February 25, 2007

Jewett School Conference Room

0. The meeting was called to order by Facilitator Ann Bridge at 6:30 pm, Rob Howard presiding.
Members present: Wayne Ames, Laurie Boardman, Millard Clement, Tom Foster, Guy Haney, Rob Howard, Rick Newman (MSAD 18 Board alternate), Roger Raymond, and Diane Terry.

Members absent: Roxanne Mushrall

Facilitator: Ann Bridge

Superintendent: Judy Lucarelli

Others present: Jeff Robinson (Bucksport Council alternate), Cyndi Wood (Ellsworth American), Tom Tailor-Lash (Orland Board alternate), Tim Emery (Bucksport), Don Houghton (Enterprise)

1. Approval of Minutes of 1/28/08 meeting: Moved by Rick, seconded by Guy to approve the minutes of 1/28/08 as presented. Motion carried 9-0.
2. Report on data requested at previous meeting: none requested

Judy reviewed data provided:

- Report on conversation with attorney Bruce Smith regarding wording for school choice. He recommends that the final Plan be reviewed by Drummond Woodsum before submission to the Commissioner.
 - A copy of the surveys submitted to MSMA. The computation of allocation on monies raised above EPS is not accurate. Based on an email received from Jim Rier subsequent to submitting the surveys, all balances applied to offset taxes are added to the amount raised above EPS in calculating the RSU amount above EPS.
 - A copy of testimony provided by Rob Howard to the Rural Caucus in the Legislature.
 - A copy of the cover sheet for the next submission of the Plan to the Commissioner.
 - Clarification of EPS data distributed for 1/28 meeting: staffing indicated as a minus means staffing in excess of EPS ratios.
3. Discussion and Possible Action on Plan Item 8: Disposition of existing school funds and financial obligations, including undesignated fund balances, trust funds, reserve funds, and other funds appropriated for school purposes

Proposed language was reviewed and edited.

Moved by Guy, seconded by Rick to approve the following language for Item 8.

- A. Existing Financial Obligations. Pursuant to Section XXXX-36(5) the disposition of existing financial obligations is governed by this plan.

Existing financial obligations shall include the following:

- (1) all accounts payable;
- (2) to the extent not included as accounts payable, any financial obligations which under generally accepted accounting principles would be considered expenses of the SAU for any

year prior to the year the RSU becomes operational, whether or not such expenses were budgeted by the SAU in the year the obligations were incurred, including for example July and August accrued teacher salaries owed for the last school year before the RSU becomes operational; and

- (3) all other liabilities arising under generally accepted accounting principles that can be reasonably estimated and are probable.

Each SAU shall satisfy its existing financial obligations from all legally available funds. If an SAU has not satisfied all of its existing financial obligations, the SAU shall transfer sufficient funds to the region to satisfy its remaining existing financial obligations, and the regional school unit board shall be authorized to satisfy those existing financial obligations on behalf of the SAU. If the SAU does not transfer to the region sufficient funds to satisfy its existing financial obligations, then to the extent permitted by law, the regional school unit board may satisfy those obligations from balances that the SAU transfers to the region. If the available balances transferred are insufficient to satisfy the SAU's existing financial obligations, or are not legally available for that purpose, the regional school unit board may take any action permitted by law so that all of the municipalities of the region are treated equitably with respect to the unsatisfied existing financial obligations of an SAU. For example, to the extent permitted by law, the regional school unit board may satisfy the unpaid existing financial obligations of an SAU in the same manner and with the same authority as for unassumed debt under the provisions of 20-A M.R.S.A. § 1506(4).

Additionally, to the extent permitted by law, if in the judgment of the regional school unit board it must raise funds from all its members to satisfy existing financial obligations of an SAU, the regional school unit board also shall be authorized to raise additional amounts for the purpose of making equitable distributions (which may be made in the form of credits against assessed local shares of the region's approved budget) to those region members that would otherwise bear costs attributable to unsatisfied existing financial obligations of an SAU for which they had no financial responsibility. The intent of the preceding sentence is that financial responsibility for unsatisfied existing financial obligations of an SAU be borne by its members and not by the other members of the region.

- B. Remaining Balances. The balance remaining in the SAU's school accounts after the SAU has satisfied existing financial obligations in accordance with this plan shall be paid to the treasurer of the regional school unit, verified by audit and used to reduce that SAU's contribution as provided by Section XXXX-43(4). Unless the Legislature otherwise provides, in the case of a school administrative district, the school board of the district shall specify in writing to the regional school unit board how the region shall allocate transferred remaining balances between district members. Unless the Legislature otherwise provides, if the district board has not specified in writing to the regional school unit board how this allocation shall occur, then the transferred remaining balances shall be credited to the district's members in proportion to their respective shares of that portion of the total local costs of the region allocable to all of the district's members for the operational year.

Audits of the separate school systems shall be completed by September 30 of the first year the RSU is operational. All accounts receivable and accounts payable shall be determined based on a benefit date of June 30. The separate school systems shall be responsible for accounts payable and shall benefit from accounts receivable, which shall be reflected in the assessment paid to the RSU by October of the first year the RSU is operational. The balance remaining in the school accounts of the Bucksport School Department, the Orland School Department, and MSAD 18 shall be paid to the treasurer of the RSU and verified through the annual audit process pursuant

to chapter 221, subchapter 2. These balances shall be used to reduce that unit's first annual local contribution to the RSU. Payment may be made in equal monthly installments during the implementation year.

- C. Reserve Funds. SAUs shall transfer remaining balances of reserve funds to the regional school unit. Unless otherwise provided by applicable law, a transferred reserve fund shall be used in accordance with its original purpose to benefit a school or schools of the SAU. Transferred reserve funds shall be subject to Title 20-A M.R.S.A. § 1491, except that the transfer of funds in a reserve fund or a change in purpose of the fund may only occur in such manner that the funds continue to benefit the members of the SAU that transferred that reserve fund to the region.
- D. Scholarship Funds. SAUs shall transfer remaining balances of scholarship funds to the region. Scholarships shall be limited to the original pool of potential recipients unless otherwise provided by the donor or by applicable law. This includes the following funds:
 - (1) Teacher Aide Scholarship Fund: to assist teacher aides in earning a bachelor's degree
 - (2) Weirich Scholarship Fund: for post-secondary scholarships, awarded by the high school scholarship committee
- E. Trust Funds. SAUs shall transfer trust funds to the region. The regional school union board shall be deemed the successor trustee for all purposes, except as provided by the trust or by applicable law.
 - (1) Spofford Grammar School Fund: for the express benefit of "orphaned scholars" who must be citizens of the Town of Bucksport
 - (2) Gardiner High School Fund: for the express benefit of any student in need of personal items including but not limited to the purchase of coats, boots, and glasses
- F. Oil tanks and propane tanks shall be filled on June 30 of the last year the separate school systems exist. All of the oil and propane in the tanks shall be valued at the June 30 price. The RSU shall pay Orland for the Orland oil and gas and Bucksport for the Bucksport oil and gas prior to August 1 of the first year the RSU is operational. Tanks are as follows:

	<u>school</u>	<u>oil tank capacity</u>	<u>gas tank capacity</u>
Bucksport	Jewett School	4000 gal	n/a
	Miles Lane School	6000 gal	1000 gal
	Bucksport Middle School	10,000 gal	1000 gal
	Bucksport High School	4000 gal	3:100 gal
Orland	Orland Consolidated School	2500 gal	2:120 gal

- G. All accounts maintained by school organizations or using the RSU tax identification number shall be audited on an annual basis and shall comply with tax laws and RSU policies and procedures. This includes student activity accounts and any other accounts maintained by the RSU, by a school, or by any organization using the RSU's tax identification number.
- H. Bucksport Orland Adult and Community Education shall become RSU 9 Adult and Community Education and all balances and obligations shall be carried over to the new entity when the RSU becomes operational.
- I. Balances of the Orland and Bucksport Food Services programs shall be deposited in the general fund of the respective school department when the RSU becomes operational, and shall be used to offset the school department's assessment by the RSU in the first year the RSU become

operational. The first RSU budget shall include an allocation for food services to ensure necessary cash resources for operations.

- J. All purchasing for the RSU in advance of the operational date shall be reimbursed by the RSU once the RSU is operational and has an operating budget to draw upon. The Superintendent shall maintain a list of all such items as they are approved for purchase.

Motion carried 9-0.

Moved by Roger, seconded by Wayne to table action on the remainder of the agenda at this time, until the Legislature has complete deliberations. Motion carried 9-0.

4. Discussion and Possible Action on small unit item C: State Policies on revenues [tabled]
 5. Sustainability and predictability in providing resources for public schools
 6. Effective use of public funds for the support of public schools
 8. Economies of scale in providing services in larger units
 5. Review entire plan for items to be withheld from March submission [tabled]
 6. Discussion of four points remaining[tabled]
 - Method of funding – cost share between school systems/towns; importance of clarity and flexibility to maintain the agreement; safeguard against future changes in valuation (Small Unit policy 4)
 - Program differences between Bucksport and Orland, such as Orland’s Pre-Kindergarten, And Bucksport’s middle school unified arts (Small Unit policies 1,2,3)
 - Issues relating to school choice: current law guarantees choice; what is the cost of Orland’s choice for both Bucksport & Orland; future status for all towns after the expiration of contracts (Small Unit policy 7)
 - Salary equalization: impact on contract negotiations and future personnel costs
 7. Schedule Meeting[tabled]

The next meeting will be scheduled by Judy in consultation with the Co-Chairs after contacting members to determine that there will be a quorum present.
 8. Develop Agenda for Next Meeting

The Agenda will be developed by Judy in consultation with the Co-chairs.
 9. Identify additional data to be provided at the next meeting
- Other discussion:
- Precise cost share information is needed before the Plan can be completed.
 - There was discussion of proposed amendments to LD 1932 and the impact this could have on our plan. The “Super Union” may not make a difference for our towns.
 - There was discussion of the possibility of reduction in revenues during current year.
10. Adjourn

Moved by Rick seconded by Guy to adjourn. Motion carried 9-0. Meeting was adjourned 7:30 pm.